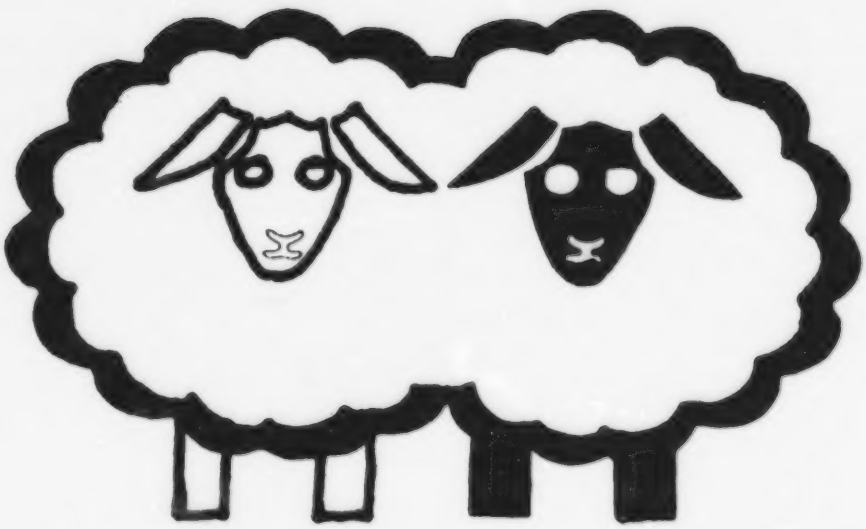
Saskatchewan Sheep and Wool Marketing Commission



ANNUAL REPORT

1987

VICE-CHAIRMAN'S REPORT - 1987

This year has seen very strong prices for both finished lambs and breeding stock. In spite of the strong prices, marketings were down, which indicates that females are being retained to start the rebuilding of the ewe flocks.

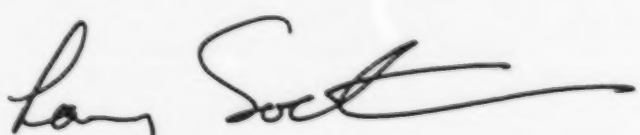
This renewed interest is being threatened by fresh lamb imports from Australia and New Zealand. They have taken over the Vancouver market driving out Lambco and American packers.

1987 saw the first year that sheep were on the irrigated pasture at Outlook. The initial results of this project are very encouraging and 1988 will see 1300 ewes and their lambs in the pasture.

The industry also got its first regional shepherd through an E.R.D.A. project. The response to this project has been an overwhelming in its success.

There was also a market study for the industry funded by E.R.D.A. The initial findings are quite positive for the industry.

It seems as though the sheep industry is turning around after many years of contraction.



Larry Sothmann, Vice-Chairman
SASKATCHEWAN SHEEP & WOOL
MARKETING COMMISSION

THE SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

The Directors of the Sheep and Wool Marketing Commission for 1987 were:

Larry Sothmann, Vice-Chairman	Elrose
Colleen Sawyer, Director	Saskatoon
Leslie Flaig, Director	Tompkins
Ed MacCallum, Director	Swift Current
Elaine Clarke, Director	Spy Hill
Jim Koal, General Manager	Saskatoon

The Sheep and Wool Commission provides a marketing service for producers who wish to have the Commission market their sheep and wool. The Commission also administers a checkoff on sheep and wool which is used to fund activities to promote and develop the sheep industry and pay part of the Commission's costs of operation.

Summary of Sheep and Lamb Marketings

The following is a summary of the marketings of the Sheep and Wool Commission in 1987, as compared with 1986 and 1985:

	1987	1986	1985
No. of Lambs Marketed	6,817	7,310	9,249
Average Gross Value per Head	$ 89.40	$ 80.11	$ 79.96
Average Selling Cost per Head	$ 6.12	$ 5.43	$ 5.53
No. of Sheep Marketed	1,069	1,383	1,601
Average Gross Value per Head	$ 48.26	$ 43.75	$ 37.27
Average Selling Cost per Head	$ 5.61	$ 4.90	$ 5.88
Total No. of Sheep & Lambs Marketed	7,886	8,693	10,850
Total Gross Value	$661,003	$646,130	$799,176
Total Selling Cost	$ 47,702	$ 46,513	$ 60,569
Average Selling Cost per Head	$ 6.05	$ 5.35	$ 5.58

Sheep and Lamb Marketing

The continuation of decreased lambs to market is of some discouragement. The fact that this has continued for a second year has caused the Commission to look at the matter more closely.

There is no question, but that ewe lambs in general are being held back from slaughter, for replacement and also to fill the strong demand being created by new interests in sheep production.

Knowing that the hold back is a fact along with knowing that more wool was purchased by the Canadian Cooperative Wool Growers supports the idea that production is on the increase is most encouraging.

Sheepman's Supplies

The Commission continued to maintain a good inventory of stockman's supplies through 1987. As was expected at the close of 1986 there has been a substantial interest in sheep production. This interest in production has resulted in a good increase in stockman's supplies sales.

This increased sales of supplies also backs the idea that production is on the increase.

National Tripartite Stabilization

This stabilization program still has not incurred a very strong interest. This is completely due to the fact that since the program started prices have been very good.

There are five provinces signed into the lamb plan. The other provinces are Alberta, Ontario, Nova Scotia and Prince Edward Island. Saskatchewan by far has the highest percentage of enrollment.

Research, Development and Extension Activities

The Irrigated Pasture Project which started in 1986 under the E.R.D.A. Agriculture Sub-Agreement had its first year with sheep and lambs in the pasture. The first year was used for seeding grass and fencing.

The project appears to be working very well. The electric fence is working well for predator control, resulting in no losses to predators. The lush grass resulted in the ewes being able to carry their lambs to 75 - 90 lbs. prior to weaning. One observation was that the lambs had a good fat cover while they were still on the mothers, but once weaned the lambs had to be removed to maintain a desirable fat cover if they were to go to slaughter.

A percentage of each patrons lambs were left on grass with the result that they achieved very good growth, which was great for a replacement female, but not good enough for butcher. It is already obvious that lambs can't be finished to 120 lbs. in the desired short time on grass alone.

One other project which is in progress under E.R.D.A. is the Marketing Study. This program is expected to have phase one (Status of the Sask. Lamb-Sheep Industry) completed in early 1988.

The other program which was applied for was the Regional Shepherd Program. The Commission had requested three shepherds for the province. Funding was approved for a pilot project of one shepherd to cover a 100 mile radius. The shepherd was selected for the job and located in the Outlook area. This person has been very busy ever since he started which was December 1st, 1987. While a month is not a great deal of time to judge a project by, it is very obvious that the need for such a program is very strong. The current new interest in sheep production is putting a great deal of demand on the shepherd's time.

S.S.W.M.C. is most greatful to the Federal and Provincial governments for their support of these programs.

AVERAGE MONTHLY PRICE AND WEIGHT OBTAINED BY

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION DURING 1987

F E E D E R L A M B S

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	105	80.2	93.02	74.64
FEBRUARY	298	76.3	98.82	75.44
MARCH	11	84.6	92.82	78.56
APRIL	-	-	-	-
MAY	47	64.1	107.90	69.15
JUNE	-	-	-	-
JULY	126	80.0	88.85	71.12
AUGUST	72	77.2	76.62	59.15
SEPTEMBER	1	70.0	86.99	60.89
OCTOBER	188	64.2	95.82	61.54
NOVEMBER	65	75.0	84.19	63.16
DECEMBER	45	71.3	85.04	60.65
TOTAL	958	74.1	93.14	69.02

L I G H T L A M B S

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	-	-	-	-
FEBRUARY	-	-	-	-
MARCH	-	-	-	-
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	8	76.3	87.06	66.38
OCTOBER	-	-	-	-
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	8	76.3	87.06	66.38

AVERAGE MONTHLY PRICE AND WEIGHT OBTAINED BY
SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION DURING 1987

S H E E P

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	46	160.7	36.38	58.44
FEBRUARY	76	122.5	35.26	43.19
MARCH	63	151.0	31.62	47.75
APRIL	26	155.1	29.04	45.03
MAY	97	154.7	29.73	46.00
JUNE	107	132.1	30.48	40.28
JULY	135	133.7	27.11	36.23
AUGUST	128	127.8	34.57	44.16
SEPTEMBER	100	145.6	28.06	40.86
OCTOBER	122	149.2	24.99	37.28
NOVEMBER	109	151.2	30.11	45.51
DECEMBER	60	138.7	30.46	42.26
TOTAL	1069	141.6	30.13	42.65

H E A V Y L A M B S

	No. of Head	Ave. Wt. (lbs)	Net Value CWT	Net Value Head
JANUARY	550	100.2	92.65	92.82
FEBRUARY	485	98.3	94.98	93.40
MARCH	303	100.9	92.31	93.13
APRIL	104	93.8	89.66	84.10
MAY	185	99.1	94.58	93.72
JUNE	281	101.1	92.76	93.80
JULY	550	98.7	87.06	85.89
AUGUST	889	98.6	82.99	81.81
SEPTEMBER	724	103.3	83.57	86.33
OCTOBER	737	102.7	77.23	79.30
NOVEMBER	689	100.5	78.35	78.74
DECEMBER	354	100.0	81.58	81.58
TOTAL	5851	100.3	85.38	85.64

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

FINANCIAL STATEMENTS

Year Ended December 31, 1987

OFFICE OF THE PROVINCIAL AUDITOR

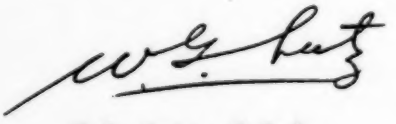
REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

I have examined the balance sheet of the Saskatchewan Sheep and Wool Marketing Commission as at December 31, 1987 and the statements of revenue, expenditure and retained earnings and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.



Regina, Saskatchewan,
February 19, 1988.

W.G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

BALANCE SHEET

As at December 31

	1987	1986
ASSETS		
Current		
Cash	$11,138	$41,917
Accounts receivable	35,712	14,575
Inventories	5,275	6,927
Prepaid expense	860	1,340
	52,985	64,759
Furniture and equipment	12,460	8,205
	$65,445	$72,964
LIABILITIES AND EQUITY		
Current		
Accounts payable	$22,885	$ 4,531
Deferred revenue	-	19,049
	22,885	23,580
Equity		
Retained earnings - Statement 2	30,100	41,179
Fixed assets	12,460	8,205
	42,560	49,384
	$65,445	$72,964

(See accompanying notes)

Statement 2

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS

For the Year Ended December 31

	1987	1986
Revenue		
Province of Saskatchewan grants		
- Administration	$ 42,700	$ 47,500
- ERDA Project (Note 5)	90,586	40,951
- Tripartite Program(Note 6)	19,952	21,135
Check-off fees	21,181	17,803
Sale of sheepman's supplies	22,104	13,137
Other	14,925	14,041
	211,448	154,567
Expenditure		
Salaries and benefits	74,465	63,422
General	40,482	39,632
Cost of sales - sheepman's supplies (Note 3)	16,552	11,038
ERDA Project - leasing of land	8,500	8,500
(Note 5) - maintenance of pasture	26,234	15,680
- general	22,438	16,771
- market study	33,856	-
	222,527	155,043
Excess of expenditure over revenue	(11,079)	(476)
Retained earnings, beginning of year	41,179	41,655
Retained earnings, end of year - Statement 1	$ 30,100	$ 41,179

(See accompanying notes)

Statement 3

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

STATEMENT OF CHANGES IN CASH RESOURCES

Year Ended December 31

	1987	1986
Cash provided by (used in):		
Operating Activities		
Excess of expenditure over revenue - Statement 2	$(11,079)	$ (476)
Net change in non-cash working capital items:		
(Increase) in accounts receivable	(21,137)	(14,193)
Decrease (increase) in inventory	1,652	(211)
Decrease in prepaid expenses	480	140
Increase in accounts payable	18,354	2,037
Increase (decrease) in deferred revenue	(19,049)	19,049
	(19,700)	6,822
Cash provided by operating activities	(30,779)	6,346
Net increase (decrease) in cash and term deposits	(30,779)	6,346
Cash and term deposits, beginning of year	41,917	35,571
Cash and term deposits, end of year	$ 11,138	$ 41,917

(See accompanying notes)

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

NOTES TO FINANCIAL STATEMENTS

December 31, 1987

1. Accounting Policies

i) Fixed asset purchases are charged as an expense against operations in the year of purchase and are therefore not depreciated. To maintain accountability for fixed assets it is necessary to record them as a balance sheet asset with a corresponding offset to the equity account.

ii) Inventory is valued at the lower of cost and net realizable value.

iii) Province of Saskatchewan administration grants appropriated by the Legislature for the general purposes of the Commission are recorded upon receipt.

iv) Other Province of Saskatchewan grants received for specific purposes are included in revenue to the extent of related expenses incurred during the year.

v) Check-off fees are recorded as revenue in the period that the monies are received.

2. Status of the Commission

The Commission was established by Order-in-Council 1534/74 and is continued under Section 38 of the Natural Products Marketing Act. The Commission was created to provide for the promotion, control, and regulation of the marketing of sheep and wool within the Province of Saskatchewan.

3. Cost of Sales - Sheepman's Supplies

	1987	1986
Beginning inventory, January 1	$ 6,927	$ 6,716
Purchases for the year	14,900	11,249
	21,827	17,965
Less: Ending inventory, December 31	5,275	6,927
Cost of sales	$16,552	$11,038

4. Commissioners' and Manager's Remuneration

During 1987, the Commissioners of the Commission received $5,630 in remuneration (1986 - $5,511). Management of the Commission in 1986 received $33,410 in remuneration (1986 - $32,780).

5. ERDA Project

The Commission has entered into an agreement with the Department of Agriculture - Province of Saskatchewan to conduct extension research and development on irrigated sheep pastures (ERDA project) and a market study on the sheep industry, which is considered to be part of the overall ERDA project.

6. Tripartite Program

In 1986, the Commission agreed to act as an agent for the Department of Agriculture - Province of Saskatchewan to administer the province's part of the administration of The National Tripartite Stabilization Scheme for Lambs established by a federal-provincial agreement. The related costs incurred to administer this agreement have been included in the expenditures of the Commission. In 1987, the Commission received a grant from the Province of Saskatchewan of $19,952 (1986 - $21,135) pursuant to Schedule C of the agreement to cover the costs of adminstration of this agreement.